

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5448-02
Bill No.: HB 1728
Subject: Education, Higher; Business and Commerce; Economic Development
Type: Original
Date: March 16, 2012

Bill Summary: This proposal establishes the Missouri Jobs for Education Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Missouri Jobs for Education Fund*	\$0	\$0	\$0
Colleges and Universities	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

***Offsetting Transfers In and Disbursements**

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, State Tax Commission,** and the **Office of State Treasurer** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state this proposed legislation should not result in additional costs or savings to BAP.

BAP states this proposal creates the Missouri Jobs for Education Program, which allows qualifying businesses to receive a credit for tuition at a Missouri public institution of higher education based on job creation requirements. Funding for the credit will be derived from Missouri employee withholding taxes paid by a business that are diverted to the Missouri Jobs for Education Fund. This will reduce general revenue by an unknown amount.

Officials from the **Department of Higher Education (DHE)** assume this proposal does not appear to involve the DHE in any administrative aspect of the program and is not anticipated to have any direct, foreseeable fiscal impact on their agency.

§620.2450.5

Officials from the **Department of Economic Development - Division of Workforce Development (DWD)** assume the DWD, in conjunction with the Department of Revenue, would be responsible for the tracking, accountability and reporting of this program.

The proposal would require an existing employee to devote at least 50% of their time to this program. At this time, DWD feels they can use existing resources. If, in the future, additional personal services are needed, DWD will go through the budget process to request an additional FTE.

Officials from the **Department of Revenue (DOR)** assume this proposal creates a mechanism for employers to create new jobs and for the withholding withheld by the new jobs, to be diverted to "credit toward tuition." DOR is not clear of its involvement in this process, but if the process is similar to Quality Jobs, DOR would require additional staff.

Two (2) Revenue Processing Technicians I (Range 10, Step L) will be required to handle phone calls and correspondence related to the program.

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ASSUMPTION (continued)

Oversight assumes it is unknown how many businesses may participate in this program. If a significant workload increase is created by this program, DOR may request additional personal services through the appropriations process.

Officials from **Kansas City Metropolitan Community College** assume this proposal would have a positive, but unknown, fiscal impact on their college.

Officials from **Missouri Western State University** assume no fiscal impact.

Officials from **Linn State Technical College** state the fiscal impact is unknown.

Officials from the **University of Central Missouri** assume this proposal would have no immediate fiscal impact on their university, but could result in revenue increases if tuition credits caused increases in enrollment.

Officials from **Missouri State University (MSU)** state, that not knowing the available funds for tuition credit and the job growth requirement, they can assume that for every qualified person who attends MSU and takes six credit hours part time per semester would produce incremental revenue of approximately \$2,950 annually.

This proposal was also sent to the following colleges and universities who did not respond to a request for fiscal impact: Crowder College, East Central College, Harris-Stowe University, Jefferson College, Lincoln University, Mineral Area College, Moberly Area Community College, Missouri Southern State University, North Central Missouri College, Northwest Missouri State University, Southeast Missouri State University, State Fair Community College, St Charles Community College, St Louis Community College, Three Rivers Community College, Truman State University, University of Missouri System.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Revenue Reduction</u> - Department of Revenue - Reduction in employee taxes	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
MISSOURI JOBS FOR EDUCATION FUND			
<u>Transfer In</u> - General Revenue	Unknown	Unknown	Unknown
<u>Disbursements</u> - Colleges and Universities - College credit tuition	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON MISSOURI JOBS FOR EDUCATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Colleges - College credit tuition	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>FISCAL IMPACT - Small Business</u>			

Small businesses could benefit from reduced employee taxes.

FISCAL DESCRIPTION

This proposal establishes the Missouri Jobs for Education Program to provide a tuition credit for certain business owners or companies who create new full-time jobs in Missouri that can be used by the business owner or a person of his or her choice toward tuition at any public institution of higher learning in the state. A qualifying business owner or company will receive one credit toward tuition for every qualifying job created. The credit must be used within 10 years of the date it is awarded or it will be deposited into general revenue.

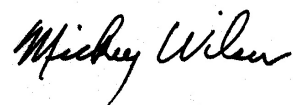
The Department of Economic Development (DED) must administer the program which must be funded from employee withholding taxes. DED must track employer contributions and ensure that the credit toward tuition does not exceed the amount that has been deposited by the employer.

The provisions of the proposal shall expire four years after the effective date.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education
Office of Administration
 Division of Budget and Planning
Department of Economic Development
 Division of Workforce Development
Department of Labor and Industrial Relations
Office of State Treasurer
Department of Revenue
State Tax Commission
Colleges and Universities
 Missouri State University
 Kansas City Metropolitan Community College
 University of Central Missouri
 Linn State Technical College
 Missouri Western State University



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